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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC NO. 00133-86
8 January 1986

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: George Kolt
National Intelligence Officer for Europe

SUBJECT: The Portuguese Political Situation

1. On 3 January I chaired a meeting of Community analysts to discuss the increasingly complex Portuguese political developments. The general view was that the situation gives cause for concern but not alarm: What we are seeing is not a repeat of the crisis of the mid-70's when the Communists almost took power but rather the beginning of a more unpredictable and volatile period in Portuguese politics. The analysis which follows benefits from the views expressed at the meeting but is essentially a personal appreciation.

2. Clashing personal and political agendas in Portugal have already produced one strange political alliance and may yet produce others:

- The one clear political agenda is that of current minority Prime Minister and Social Democratic (PSD) leader Cavaco Silva who wishes to create a left-right choice in Portuguese politics with his party as the bulwark of the rightist alliance.
- The personal clash is between Eanes and Soares who became irreconcilable rivals in 1980 when Soares tried to prevent the reelection of Eanes as President. Now Eanes is determined to fashion a political career for himself after stepping down as President while ending the career of Mario Soares. This ambition has led him to establish his own political movement (the Democratic Renewal Party-PRD) and to welcome Communist support for his handpicked candidate for President, Zenha--even though it was Eanes, Soares and Zenha who together defeated the Communist bid for power in the mid-70s.

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- The winner, at least in the short-term, of these manifold struggles will be determined in the Presidential election (the first round of which will be held on 26 January and the second round, if necessary, by 16 February). But the ramifications of these clashes are likely to continue for years and create great fluctuations in party fortunes as well as shifting alliances.

3. The platforms of the five Presidential candidates are:

- Former Center Democrat (CDS) leader Amaral wants to forge a PSD-CDS alliance and is running essentially on Silva's platform.
- Soares is fighting for his political life and stressing the danger of a Communist takeover if Zenha wins.
- Independent Maria Pintasilgo is running on her usual blend of Third-world, ecological, and anti-politician themes--a blend reminiscent of the Greens in Germany.
- Zenha is also running on an anti-politician platform. The most worrisome aspect of his candidacy is that the PRD, lacking an in-depth organizational structure, is relying on the Communist party not only for electoral support but also for much of the necessary campaign activities. Interestingly the Communist rank-and-file resent giving support to erstwhile foe Zenha, may not campaign very effectively, and may even not vote for him. An additional handicap for this strange alliance is Zenha's erratic performance, which some reports attribute to bad health, possibly arteriosclerosis.
- The only question about the Communist party candidate is when he will drop out in favor of Zenha. According to recent press, this will occur on 23 January.

4. The general unreliability of Portuguese polls makes it impossible to predict what will happen in such a complicated contest, but the general outlook for the Presidential election is as follows:

- Amaral is the favorite and even has an outside chance of winning an absolute majority in the first round.
- On the left, the race is very close. Zenha probably has the best chance of winning, but only--and these are big ifs--if the Communist rank-and-file deliver him their normal 15-20 percent share of the Portuguese electorate, if Zenha can benefit from Eanes' popularity, and if he does

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not fold physically under the pressure. If Zenha's campaign falters, Pintasilgo would probably be the beneficiary. Soares cannot be counted out, but he bears the handicap of being held responsible for the hard economic times Portugal has been undergoing for the last few years.

- If a second round is necessary and pits either Zenha or Pintasilgo against Amaral, the role of the Socialists will be important. Soares is currently telling us that he would simply leave the country if defeated, but what he will really do is an open question. In the event of a Soares defeat, however, he would have led the Socialists to three straight defeats (Parliamentary, Communal and Presidential elections) and the Socialists would probably be calculating on a future without him. They could ensure Amaral's victory by backing him and might do so. If they declared neutrality or backed Zenha, enough Socialists might still vote for Amaral to elect him. If Pintasilgo is the Leftist candidate, the scenario is approximately the same, but Amaral's chance of winning is greater. If Soares is Amaral's opponent, he will once again be the underdog as Zenha's and Pintasilgo's supporters would probably vote against him or abstain.

5. No matter who wins the Presidential election, legislative elections are probable within a year or so, and what happens in those elections and in the run-up to them is probably even more important than who wins the Presidential election.

- If Amaral wins, the legislative elections will probably come sooner rather than later as he and Silva try to capitalize on victory and the disarray within the Socialist Party, which is likely to remain their main competitor.
- If Zenha wins, he and Eanes will want to build up their base of support by creating links between the PRD and the Socialist Party. Both of these men are fundamentally anti-Communist and will not make themselves beholden to the Communists for the long term. A Zenha-Eanes combination would be pesky but livable for the US.
- Conversely a Zenha loss may spell the end of the embryonic PRD and leave the Socialists to try to get themselves together again and then to challenge the rightist Amaral-Silva coalition.
- If Pintasilgo wins, Portugal and the world will be the dubious beneficiaries of much sermonizing and much unpredictability. Ironically, as much as this development

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would hurt Portugal and the West in the short-term, it could also help the Right in the longer-term as the Left would have a harder time organizing itself.

-- As for the Communists, they are not likely to break past the 20 percent mark in popular votes or be attractive coalition partners as long as they remain a Stalinist party, which they show every intention of doing. But their Parliamentary block, which has oscillated right around 20 percent since the 1970s, will probably become more important as the stable left-of-center majority coalition formed by Soares will no longer exist.

-- In essence what we have developing in Portugal is a situation reminiscent of Fourth Republic in France: a Stalinist Communist party with whom nobody wants to go into coalition but without whose tacit support nobody can stay in office very long.

6. Looking back, it was predictable that a proportional representational system such as Portugal's would sooner or later produce an increase in the number of parties and unstable coalition--even minority--governments. This has now occurred. It is even possible that there will be more new parties as some may split. This could well happen to the Socialists. Conversely some parties might merge or be absorbed by others, for instance the Center Democrats by the Social Democrats. Thus there will now be a lot of political maneuvering, fluctuating coalitions and recurring surprises--a situation comparable to that which existed in the French Fourth Republic and which still exists in other countries with proportional representational systems such as Belgium, Holland, Denmark. But Portuguese Democracy is barely over a decade old and the Portuguese could become impatient with political to-and-fros and opt for some radical solution. Similarly the military might become tempted to seize power and impose order on political chaos. This is not an immediate danger but we should watch for any indications that events are developing in those directions.

7. What are the implications of these likely developments for us? In essence they are negative but not necessarily catastrophic. What has in effect happened is that the relatively short era of Portuguese governmental stability under a very pro-US Prime Minister and a less predictable but generally also pro-US President is over.

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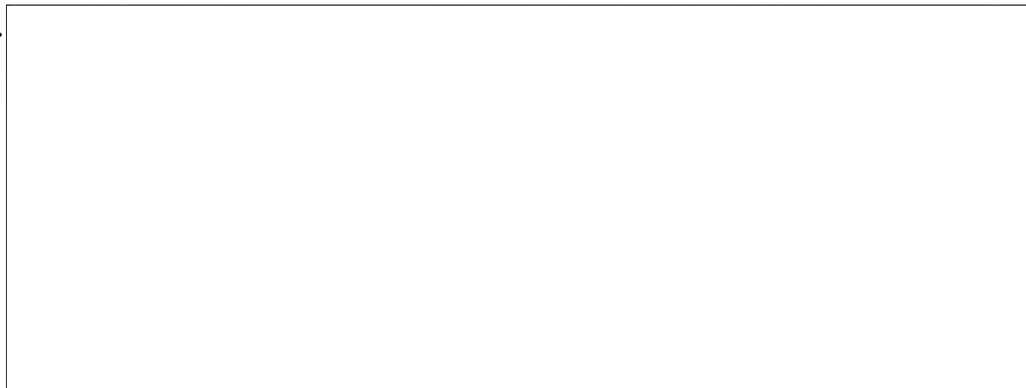
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- In this coming period of great political maneuvering and likely increase in Communist influence, none of the contenders for powers will want to appear as beholden to the US and none will be as forthcoming to the US as Soares was. Should Pintasilgo become President she will probably even be down right provocative toward us. But Portugal will continue to be basically pro-US and an Ally.




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At the very least, any news of widespread Portuguese military concern should cause us to review our own assessment. In any event, I will be keeping close tabs of the situation and will advise you of any shift of Community views.



George Kolt

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